

Plan ahead to drive hotel return on investment during seasonal dips

by [Alicia Hoisington](#) |
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Seasonal hotels will inevitably experience high- and low-demand periods. However, there are several things revenue managers can do to drive revenue during dips in demand due to the season.

“When thinking about seasonality specifically, the biggest impact is channel management and discount management,” said Emily Wilson, VP of asset management for [CHMWarnick](#). “We have found through management that the best way to impact rate and hotel profitability is to make sure the mix is optimal to the hotel.”

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She said that during lower demand seasons, hoteliers can play with the discount amounts offered for advanced purchase, AAA and other segments. If the discount is typically 5 percent in peak season, for example, hoteliers can perhaps try 10 percent in low demand season to see if that drives more demand. If it does not, hoteliers should bring it back to 5 percent so that the revenue from demand that already exists is not diluted.

When it comes to channel management, Wilson said revenue managers should always be mindful to have the lowest possible rate available on direct channels in order to push production to the lowest-cost channel.

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“What good is it to sell out your hotel at a discounted rate through an [online travel agency] sale, then pay a 15- to 18-percent commission, cutting into your overall hotel profitability?” she said. “Too many times we have seen hotels win at the [revenue per available room] share game on their **STR** report by driving occupancy through high-cost channels, but fall seriously behind their profit targets on the [profit-and-loss statement].”

Wilson said to consider how hoteliers handle their phone reservations. Ask:

- Are they being handled by front-desk agents?
- Are those agents trained properly to sell the right room to the right customer at the right rate?
- Are you better served by sending those calls to a brand call center where agents are trained at upselling?

“In our experience, call centers typically book rooms at a higher [average daily rate] than the front-desk agents do. If you are sending to a call center, ensure your system has the best and most relevant information so the agent can make the experience as personable as possible,” she said.

Chris Knothe, senior solutions engineer at **Duetto**, said it’s important for hoteliers to plan in advance and know their business.

“If you know now that April is a softer month because Easter is going to be on March 31, don’t wait until February to think about the Easter shift,” he said. “How do you budget? Do you know exactly what’s going on? What’s your marketing plan? Plan smart and monitor what’s going on. Come up with promotions and specials now to get business on the books so you’re not fighting last minute.”

At the same time, sources said last-minute bookings should be part of the overall strategy for seasonal dips.

“Booking windows are becoming shorter and shorter every year, so your last-minute sell strategy is essential to a hotel’s success, even during low demand periods,” Wilson said. “There are many tools available to revenue managers to help drive these last-minute bookings, including but not limited to OTA flash sales, Hotel Tonight and day use apps.”

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While Knothe said it’s not ideal to work with last-minute booking engines, sometimes it’s inevitable if it can get more rooms filled for the same time. The problem, however, is that those rooms will be heavily discounted.

“That means you didn’t do a good job filling the hotel. You don’t want to be reliant on last-minute pickup,” he said.

On the flip side, there are a lot of customers who use tools such as Hotel Tonight, so it helps to play these channels from time to time in order to be visible, Knothe said.

“Sometimes you have to be there just to be present,” he said.

Tips and Takeaways

Wilson offered tips for hoteliers working to maximize revenue and return on investment at seasonal properties:

- Low demand season does not mean every day is low demand. Even within a season, hoteliers need to have a daily strategy.
- Dropping rate doesn’t always induce demand. With all the revenue-management systems pricing off their comp sets, once one hotel drops, the rest follow, and everyone is cannibalizing their own rate.
- Be mindful of sites such as TripBam, which cancel and rebook hotel rooms as soon as rates drop. Try to maintain a strategy in which the rate increases closer to the stay day.
- Revenue is one part of the equation but expense, namely labor, is a big factor. Forecasting to business volume is critical to bottom-line success, but so is retaining seasonal staff. In a nonunion hotel, cross-training staff for multiple roles can help keep them fully scheduled, which helps retention during slow seasons.
- Large resort complexes need to re-evaluate their entire business model for the slow season in an attempt to lower fixed costs.